

City of Detroit

CITY COUNCIL

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TO: Ronald Ruffin, Director
Municipal Parking Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director *ly.*

DATE: April 29, 2005

RE: 2005-2006 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2005-2006 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Council Members
Council Divisions
Auditor General's Office
Roger Short, Budget Department Director
Sean Werdlow, Chief Financial Officer
Vera Magee, Budget Department Team Leader
Kandia Milton, Mayor's Office

Municipal Parking (34)

FY 2005-2006 Budget Analysis by the Fiscal Analysis Department

Summary

The Municipal Parking Department (MPD) is comprised of two divisions – the Automobile Parking Division (APD) and the Parking Violations Bureau (PVB). The APD is an Enterprise Agency that is responsible for planning, supervising, operating and maintaining the City's Auto Parking and Arena System. The PVB is a General Fund Agency that is responsible for enforcing the City's on-street ordinances and processing all violation notices for payment to the General Fund.

The Mayor's Proposed Budget for 2005-2006 estimates appropriations of \$43,736,967 for the MPD, a 9.3% decrease from fiscal year 2004-2005. The Budget also estimates projected revenues of \$47,420,410, a 6.8% decrease from fiscal year 2004-2005. The overall net tax surplus is projected at \$3,683,443.

Goals, Objectives and Major Initiatives

The overall mission and goals of the MPD have not changed from fiscal year 2004-2005 to fiscal year 2005-2006.

The major initiatives for the APD division in fiscal year 2005-2006 include upgrading its systems to begin to accept credit card payments on-site at its facilities and installing a new multi-space parking meter system.

The major initiatives for the PVB division in fiscal year 2005-2006 include upgrading its systems to begin to accept credit card payments online for parking ticket payments. The PVB also plans to explore expanded business hours to accommodate increased business activity.

Proposed Layoffs and Position Changes

The Mayor's Proposed Budget for 2005-2006 requires the elimination of two positions and the layoff of five individuals. The proposed cuts are detailed below.

<u>Cost Center</u>	<u>Appropriation/Cost Center Name</u>	<u>Title</u>	<u>Vacancies</u>	<u>Layoffs</u>	<u>Total Deleted Positions</u>
340010	Operation and Maintenance – Administration	Office Management Assistant		1	1
340050	Operation and Maintenance – Meter Collection	Parking Meter Collection Asst		1	1

<u>Cost Center</u>	<u>Appropriation/Cost Center Name</u>	<u>Title</u>	<u>Vacancies</u>	<u>Layoffs</u>	<u>Total Deleted Positions</u>
340080	Parking Violations Bureau – Violation Bureau General Office	Intermediate Gov't Analyst		1	1
340090	Parking Violations Bureau – Enforcement Unit	Senior Parking Enforcement Officers		2	2
340090	Parking Violations Bureau – Enforcement Unit	Parking Enforcement Officer	1		1
340080	Parking Violations Bureau – Violation Bureau General Office	Micro Support Specialist	1		1
		TOTALS	<u>2</u>	<u>5</u>	<u>7</u>

2004-2005 Surplus/Deficit

The estimated surplus for Municipal Parking in the current fiscal year is \$3,553,265. The surplus is due to an estimated revenue surplus of \$2,995,976 coupled with an appropriation surplus of \$557,289. The estimated revenue surplus is expected from the PVB division due to improved revenue collections through their collections partner, State & Local Solutions, and various payment incentives offered to those with parking violations. The estimated appropriation surplus is a result of several vacant positions and small estimated surpluses in various operating accounts.

Overtime

The Mayor's Proposed Budget for 2005-2006 includes \$84,938 for overtime. This is a sharp 35.5% decrease from the 2004-2005 Budget of \$131,750. As of March 31, 2005 the Municipal Parking Department has expended \$63,255.75, or 48% of their fiscal year 2004-2005 overtime budget.

Personnel and Turnover Savings

There are no projected turnover savings in the Mayor's Proposed Budget for 2005-2006.

Following is information by appropriation comparing budgeted FY 2004-05 positions, March 31, 2005 filled positions and FY 2005-06 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted Positions FY 2004-05</u>	<u>Filled Positions 3/31/2005</u>	<u>Mayor's Budget Positions FY 2005-06</u>	<u>Over/(Under) Actual to 04/05 Budget</u>	<u>Mayor's Recommended Turnover</u>
Municipal Parking (34):					
340080 Violation Bur. Gen. Ofc. & Audits	7	5	5	(2)	\$ -
340090 Enforcement Unit	63	58	60	(5)	\$ -
00102 Parking Violations Bureau	70	63	65	(7)	\$ -
340010 Administration	22	19	21	(3)	\$ -
340020 Maintenance	14	13	14	(1)	\$ -
340040 Meter Maintenance	6	6	6	0	\$ -
340050 Meter Collection	12	11	11	(1)	\$ -
04108 Operation & Maintenance	54	49	52	(5)	\$ -
34XXXX Worker's Comp.	0	(1)	0	(1)	\$ -
34XXXX Leave of Absence	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>	<u>\$ -</u>
TOTAL	<u>124</u>	<u>110</u>	<u>117</u>	<u>(14)</u>	<u>\$ -</u>

Significant Funding Changes by Appropriation

Appro. Program

04108	Operation and Maintenance	The Mayor's Proposed Budget for 2005-2006 decreased this appropriation by \$1,763,180. This decrease is due, largely, to decreases in salaries and wages, employee benefits, and contractual services. These amounts collectively account for 54.9% of the Operations and Maintenance appropriations decrease in the APD division for fiscal year 2005-2006 which includes loss of 2 positions.
04111	Parking System Programs	The allocation to this appropriation has decreased by \$286,195. This is due to a decrease in the system program reserve of the same amount.
06243	Repayment of Revenue Bond – Trustee	The payment amounts for principal and interest of this appropriation has decreased by \$2,253,916.
00102	Parking Violations Bureau	This appropriation decreased by \$135,656. The decrease reflects increases of \$52,361 and \$170,800 in the General Office and Processing and Collections respectively, along with a decrease of \$358,817 in the Enforcement Unit. These amounts are partially attributable to a \$733,344 decrease in salaries and wages and employee benefits including loss of 5 positions, largely offset by a \$468,906 increase in Operating Service expenses.

Significant Revenue Changes by Appropriation

Appro. Program

04108	Operation and Maintenance	The Operation and Maintenance revenue has decreased by \$881,590 due to a decrease in transfers from other funds in the same amount.
05976	Auto Parking Operations	The Auto Parking Operations revenue has decreased by \$3,471,701. This decrease is due primarily to the \$3,149,701 decrease in Parking Facilities revenue. This decrease is due to the closing of the First and Bagley Lot, and the under-usage of the Premier Garage on Woodward.
00102	Parking Violations Bureau	The Parking Fines revenue has increased by \$880,000. This increase is due to more aggressive ticketing, more Boot and Tow violations, and enhanced collection procedures of the Ticket processing consultant.

Municipal Parking (34)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2004-05 Budget</u>	<u>FY 2005-06 Recommended</u>	<u>Increase (Decrease)</u>
Automobile Parking Division	\$ 6,220,000	\$ 5,801,606	\$ (418,394)
Parking Violations Bureau	<u>3,904,200</u>	<u>4,060,000</u>	<u>155,800</u>
Total	\$ 10,124,200	\$ 9,861,606	\$ (262,594)

Issues and Questions

1. The 2005-2006 goal/target for average number of transient customers in the APD division is 120,000, the operational level of 2003-2004. This is 22.5% more than the projected 97,934 for fiscal year 2004-2005. How did the APD arrive at this target?
2. How does the APD propose to meet the goal of 120,000 transient customers in fiscal 2005-2006?
3. How does this goal correlate to the \$3,149,701 decrease in Parking Facilities revenue?
4. How does the department plan to expand PVB business hours with decreased staff and overtime?
5. A major initiative of the PVB division in 2004-2005 was an amnesty program started in March 2004 to collect \$30 million in unpaid parking tickets. How much of this revenue was received?

6. Is the MeterCard, a cash/debit card that allows a user the purchase time on electronic parking meters in various areas, currently being offered?
7. How does the department plan to increase parking fines with decreases in the Enforcement Unit?

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